

OPEN MEETING AGENDA ITEM
BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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SANDRA D. KENNEDY, COMMISSIONER
JUSTIN OLSON, COMMISSIONER,
ANNA TOVAR, COMMISSIONER
JIM O'CONNOR, COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST GAS CORPORATION FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE
OF THE PROPERTIES OF SOUTHWEST
GAS CORPORATION DEVOTED TO ITS
ARIZONA OPERATIONS

Docket No. G-01551A-19-0055

**SWEEP Proposed Amendment to the Staff
Revised Recommended Opinion and Order**

Comments and Amendment of the Southwest Energy Efficiency Project

The Southwest Energy Efficiency Project (SWEEP) appreciates the opportunity to provide these comments on the Commission Staff Recommended Opinion and Order granting a temporary increase to Southwest Gas' Customer-Owned Yard Line (COYL) Cost Recovery Mechanism (CRM).¹

In Decision No. 77850,² approving the utility's last rate case, the Commission terminated, rejected, and instituted new oversight mechanisms over Southwest Gas's programs to replace its distribution system infrastructure. Specifically the Commission:

- Terminated the Vintage Steel Pipe (VSP) Replacement Program, suggesting that there was no evidence of an immediate public health and safety concern necessitating the Program's existence.³
- Rejected the proposed 7000/8000 Driscopipe Program, citing a lack of evidence for the accelerated replacement of these pipes.⁴ And,
- Instituted new oversight mechanisms, including the installation of an independent monitor, to oversee the COYL program.⁵

The significance and breadth of this recent decision, coupled with the Commission's strong focus on adjustor mechanism reform, suggests that the timing is ripe for a more holistic approach by which

¹ See: <https://docket.images.azcc.gov/E000018903.pdf?i=1652399352297>. Commission Staff has recommended increasing the CRM to \$0.02512 per therm effective June 1, 2022; and then resetting it to \$0.00504 per therm beginning November 1. The CRM is currently set at \$0.02008 per therm.

² See ACC Decision No. 77850 dated December 17, 2020: <https://docket.images.azcc.gov/0000202746.pdf?i=1608248143528>

³ See ACC Decision No. 77850, at page 90, Lines 11-19.

⁴ See ACC Decision No. 77850, beginning at page 92, Line 24.

⁵ See ACC Decision No. 77850, beginning at page 87, Line 18.

Southwest Gas plans and invests in its system with oversight by the Commission and in consultation with key stakeholders.

Notably, a number of Public Utility Commissions have recently initiated integrated resource planning (IRP) processes for gas utilities to bring more transparency, consistency, and oversight to gas system planning. **SWEEP believes that such a process is long overdue especially given the fact that Southwest Gas has invested hundreds of millions of ratepayer dollars in replacing COYL and VSP in Arizona over the last five years.**⁶

Accordingly, we pleased to offer SWEEP Proposed Amendment No. 1 which would direct the Commission Staff to open a generic docket and hold at least one workshop to investigate the necessity of long-term gas resource planning, with the aim to bring forward recommendations for the Commission's review and approval by the end of this year.

We respectfully submit these comments on May 13, 2022.

Ellen Zuckerman

Co-Director, Utility Program, SWEEP

Caryn Potter

Manager, Utility Program, SWEEP

⁶ From 2017-2021, Southwest Gas reported more than \$330 million in annual expenditures for its COYL and VSP programs.

SWEEP PROPOSED AMENDMENT NO. 1

TIME/DATE PREPARED:

COMPANY:	SOUTHWEST GAS	AGENDA ITEM NO.:	22
DOCKET NO.:	G-01551A-19-0055	OPEN MEETING:	05/17/2022

Purpose: To direct the creation of a new docket and one or more workshops to inform a long-term gas resource planning policy for Commission review and approval no later than the end of this year.

At Page 5, Line 11, INSERT NEW ORDER PARAGRAPH:

"IT IS FURTHER ORDERED that prior to September 1, 2022, Staff shall open a generic docket and hold not less than one workshop to investigate the necessity of long-term gas resource processing, distribution, and storage planning. Within 90 days of the conclusion of the final workshop, Staff shall file a report of recommended actions for Commission review and approval."

**** MAKE ALL CONFORMING CHANGES**